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SOVIET INTERNAL AFFAIRS

I. Possible Points to Raise

A. Andrey Kirilenko is the most likely person to succeed Brezhnev, and he is likely to follow policies little different from present guidelines. However, the 73-year old Kirilenko probably will not remain in office long enough to establish his own dominance and to put his own imprint on national affairs.

During a prolonged leadership transition entrenched institutions such as the military and security forces may find it possible to exert more influence than they would under a strong national leader.

B. Soviet economic growth is now at the lowest point since World War II. However, economic difficulties will probably not materially cut into military power--which enjoys high priority--but will affect the Soviet consumer.

C. Our impression is that the intervention in Afghanistan has not been popular in the USSR, and that resentment is especially high in Central Asia. Many of the initial casualties were reservists drawn from that area. However, popular dislike of the intervention is not likely to influence leadership policy significantly.

II. Background

Political Leadership

Although Brezhnev appears to be in better physical shape currently, and Premier Kosygin has returned to some degree of active duty after a major heart attack, the Soviet leadership will soon undergo a transition. Brezhnev's death or incapacitation will most likely dictate the timing, and an interim leader seems on hand in the person of Andrey Kirilenko. But Kirilenko's advanced age means that he will probably not be in

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office long enough to put a personal stamp on Party and national policy. A second political transition will then ensue, and at this time no present Politburo member seems to be a very promising candidate for the top post.

The collective leadership headed by Brezhnev has managed to sidetrack all younger aspirants for top leadership and relied instead on a coterie of trusted senior cronies. As a consequence, most top posts are held by old men and younger leaders are not being groomed for them. A similar pattern prevails in the provinces, and within a decade or less there should be a massive turnover of local party leaders as well. The new men eventually inheriting key posts will be provincials with little experience in national and international affairs. Their learning experience may be a difficult one for all concerned, including foreign governments.

The aging leaders now in power have refused to alter traditional priorities and have shied away from proposals for economic reform heard in the pre-1968 period. They are aware that economic efficiency and growth are declining significantly but apparently see no way to decentralize economic decision-making without diluting their control over what remains a command economy. No major changes in the economic system seem possible until the present senior leaders depart from office.

The next Party Congress should give some indication of how the Soviets view their domestic political power relationships over the near future. The date of the congress (presumably in the spring of 1981) should be announced sometime this summer, with a round of elections for delegates held in the late fall and winter. The political allegiances of the various delegates should give us a picture of the relative strength of the Politburo members as they go into the congress. A plenum during the congress traditionally names the members of the Politburo and Secretariat, the two top ruling bodies.

#### Economic Problems

As the rate of growth slows, -- it was less than one percent in 1979 -- difficulties and shortages in consumer goods are becoming more evident. Long lines at stores, shortages of foodstuffs and local instances of rationing are now common. Numerous complaints about shortages were voiced at the round of republic party plenums in December. In part, the severe

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winter last year, the poor harvest of 1979, and transportation difficulties all aggravated the basic problem of a falling rate of economic growth. In addition the US embargo of feed grains will reduce the amount of meat produced in 1980.

The so-called economic reform of 1965 came to naught as did the appeals for some form of "market socialism" heard in 1967. Since then, constant retinkering of administrative and managerial arrangements have been urged and in some cases tried. But no basic changes in worker incentives or the administrative command structure were undertaken -- or are likely with the political leadership now in power.

As a response to current food shortages, the regime now favors private plots, which remain efficient producers for the market. However, the drive for urbanization and industrialization has reduced the number of private plots and the incentives of producers. Furthermore, the plots cannot provide enough produce without a significant rearrangement of incentives. Wastage in processing and distribution further contribute to shortages and can be overcome only by a massive overhaul of the food handling system.

One of the larger problems facing the regime is that of energy. It is now clear that a major program must be mounted to maintain oil production, and here the Soviets have two options. One calls for upgrading facilities and secondary recovery of existing Siberian oil fields; this entails immediate investment in new technology for recovery. The second calls for massive prospecting and drilling in more remote regions of Siberia in order to develop new oil fields. That program would take several years and huge amounts of capital. The Party leadership has not yet decided on either approach and appear to be having difficulty in facing the hard choices involved.

Coal production is also in difficulty. Old existing mines in the European regions are becoming more expensive to operate. The large deposits of coal in the eastern regions are remote and of relatively poor quality. In some cases, the coal cannot be transported far for technical reasons. Yet on-site burning and generation of electric power is not yet feasible because of power losses in transmission.

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Natural gas is the one success story in the energy picture. Production is rising at record levels. But lack of pipelines is restraining further use of gas as a replacement for petroleum as boiler fuel, while the Iranian failure to deliver gas to the Caucasus has led to regional imbalances in gas distribution. The Iranian failure has also hindered Soviet plans to export gas to Western Europe and Czechoslovakia.

Atomic power now furnishes only a small share of total electric power produced, and siting has become a matter of dispute. Fears of nuclear contamination and accidents have led to proposals for developing nuclear power complexes in areas remote from population centers. These proposals probably are reflections of Western experience in nuclear siting.

Social Problems

On the domestic social scene, a prolonged and thorough campaign of repression and harassment by the political police has decimated the ranks of political dissidents and human rights spokesmen. The highlight of the campaign was the recent banishment of Academician Andrey Sakharov to Gor'kiy; the move evidently was a compromise between exile and trial, but the intent was to deny him communications with the West via the Moscow press corps.

Emigration of three groups -- Jews, Germans, and Armenians -- is continuing, but Jewish emigration has declined by about one quarter of the 1979 record rate, beginning in November of last year. Despite the deterioration in Soviet-American relations as a consequence of the Afghanistan invasion, Jewish emigration has not been terminated nor does this seem likely. However, local police offices which administer exit documentation are now tightening regulations; this is being done in an arbitrary and haphazard manner, with the Ukraine now being the area of most severe restriction.

Nationality Relations

Release of the 1979 census figures highlights a major demographic problem for the Soviet regime -- the falling birth rate of the predominant Slavs and the rapid increase in the birth rate of the Central Asian Moslems and the peoples of the Caucasus. The immediate result, and one which appears bound to

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worsen, is the maldistribution of labor and employment possibilities. There is need of labor in the cities and countryside of European and Siberian Russia, but there is an increasing surplus of labor in Central Asia. The regime is mulling schemes to redistribute labor but faces a profound unwillingness of Central Asians to leave their own area. Shortages of capital prevent a policy of industrialization of Central Asia while jobs go unfilled in European Russia. A small-scale experiment underway since 1974 to resettle Uzbeks in the North Russian countryside has not been encouraging.

Meanwhile, instances of nationalist friction have been observed around the USSR. The Central Asians apparently bore most of the initial brunt of casualties in Afghanistan which led to resentment against Slavs generally, but the Soviet Army now is apparently balancing more equitably the racial composition of combat units. However, racial frictions between the "white" Russians and "black" Central Asians (their terminology) pre-dated Afghanistan and have occasionally erupted in major local disturbances.

Disturbances in the Baltics have been nationalistic, primarily, and reflect local resentment of Soviet rule in these formerly independent republics. For instance, local groups proclaimed a "Baltic Charter" on the 40th anniversary of the 1939 Ribbentrop-Molotov pact, and hundreds of Estonians demonstrated on the anniversary of Estonian independence on Christmas Eve 1979. A Lithuanian petition calling for independence from the USSR has been signed by many thousands. Perhaps even more disturbing to the Soviets was a January petition signed by Baltic activists which condemned the invasion of Afghanistan.

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